

Message Text

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SUBJ: INQUIRY ON FCIA CREDIT INSURANCE AVAILABILITY FOR TURKEY

REF: A) ANKARA 5776; B) STATE 199065

1. ISAK SALTI, HEAD OF GELEL ENDUSTRI VE TICARET A.S. (GETAS), LARGE FIRM WITH SALES OF OVER \$75 MILLION IN 1975, (LATEST FIGURES IN OUR FILES), APPROACHED US REGARDING AVAILABILITY OF FEDERAL CREDIT INSURANCE ASSOCIATION (FCIA) CREDIT INSURANCE FOR UPCOMING TRANSACTION. GETAS, WHICH ACTS AS PURCHASING AGENT FOR TURKEY'S LARGEST MANUFACTURER OF ACRYLIC YARN, HAS JUST CONCLUDED CONFIDENTIAL, 5-YEAR AGREEMENT WITH MONSANTO FOR PURCHASE OF ACRYLIC FIBER UP TO AMOUNTS OF \$20 MILLION PER YEAR. ACCORDING TO SALTI, FIRST NATIONAL BANK OF CHICAGO IS PREPARED TO ASSUME ALL COMMERCIAL RISK ON MONSANTO SALES, BUT HE HOPES THAT FCIA CREDIT INSURANCE MIGHT BE AVAILABLE FOR "POLITICAL" ANGLE (OBVIOUSLY REFERRING TO INCONVERTIBILITY COVERAGE). SALTI NOTED SOME EUROPEAN CREDIT FACILITIES - HERMES, CDFACE, ETC.-WERE STILL OPEN FOR SALES TO TURKEY, ALBEIT ON TOUGHER TERMS THAN BEFORE. HE PLANS VISIT EXIMBANK AND INQUIRE ABOUT FCIA AVAILABILITY IN MID-SEPTEMBER.

2. SALTI'S FIRM IS WELL AND FAVORABLY KNOWN TO BOTH CONSULATE
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AND EXIMBANK. HE ESTIMATED THAT OVER PAST YEARS, HE HAS BEEN RESPONSIBLE FOR OVER \$100 MILLION OF EXIMBANK-FINANCED SALES TO TURKEY. WAS JUST ABLE TO COMPLETE \$1.5 MILLION PURCHASE OF AMERICAN EQUIPMENT TO TURKEY UNDER RATHER UNUSUAL, BUT LEGAL, PROCEDURE: THE FOREIGN EXCHANGE FOR \$300,000 DOWN PAYMENT FOR EQUIPMENT WAS OBTAINED BY PURSUADING FIRST INDUSTRIAL BANK OF RHODE ISLAND TO PLACE

\$1 MILLION IN CONVERTIBLE LIRA DEPOSIT ACCOUNT FOR 37 MONTHS. ANYONE WHO OPENS CLD ACCOUNT FOR MORE THAN 36 MONTHS HAS RIGHT TO UTILIZE 30 PERCENT OF FOREIGN EXCHANGE FOR ANY PURPOSES HE CHOOSES. SALTİ THEN USED THIS CASH TO MAKE DOWN PAYMENT ON TEXTILE MACHINERY.

3. SALTİ WILL BENEFIT FROM AVAILABILITY OF APPROXIMATELY \$2.5 MILLION IN FOREIGN EXCHANGE BASED ON PROJECTED EXPORTS FOR 1978 OF \$10 MILLION, UNDER NEW GOT PROGRAM OF ALLOCATING TO EXPORTERS 25 PERCENT OF EXPORT RECEIPTS FOR IMPORTS OF RAW MATERIALS. UNFORTUNATELY, HIS CLIENT'S NEED FOR ACRYLIC FIBERS FAR OUTSTRIPS THIS AMOUNT. THEREFORE, HE IS HOPING FOR SOME SORT OF FCIA COVERAGE TO FACILITATE PROCUREMENT OF FIBER FROM MONSANTO. IF NOT AVAILABLE, SALTİ WILL BE FORCED TO TURN TO JAPANESE OR FRENCH SUPPLIERS (HE COMMENTED THAT JAPAN PARTICULARLY UNATTRACTIVE AT PRESENT, DUE TO YEN APPRECIATION AND JAPANESE RESTRICTIONS ON CREDIT INSURANCE FOR TURKEY).

4. CONOFF EXPLAINED EXIMBANK'S ATTITUDE TOWARDS TURKEY AS SUMMARIZED IN REFTEL B. SALTİ SAID HE WAS NOT SURPRISED, AND APPRECIATED GETTING A FEEL FOR WHAT AWAITS HIM IN WASHINGTON. HOWEVER, BASED ON HIS PREVIOUS EXPERIENCE WITH EXIMBANK, HE SAID, INITIAL REACTIONS CAN SOMETIMES BE CHANGED.

5. COMMENT: AS IN CASE REPORTED BY EMBASSY IN REFTEL A, THIS UNCLASSIFIED

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IS INSTANCE OF A BLUE-CHIP BUSINESSMEN TRYING TO MAINTAIN SOME SORT OF ONGOING COMMERCIAL RELATIONSHIP WITH THE U.S. PEOPLE LIKE SALTİ OR OZDEMİR SABANCI KNOW THAT THEY HAVE PROBABLY THE BEST CHANCE OF ANY TURKISH CUSTOMER TO GET EXIMBANK APPROVAL. WHILE WELL AWARE OF CURRENT CAUTIOUS ATTITUDE BEING TAKEN VIS-A-VIS TURKEY, THEY ARE OBVIOUSLY HOPING FOR SOME FLEXIBILITY ON OUR PART.

6. WOULD NATURALLY APPRECIATE BEING KEPT INFORMED ON STATUS OF SALTİ'S APPLICATION AFTER ITS EVENTUAL FILING.
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